of Rs. 30 lakhs estimated therefor has been proposed to be booked under 'Advances' instead of under 'Capital'. The estimate of Rs. 2,06.700 occurring under 'Railway—Capital' is for the works in connection with the remodelling of the Shoranur Junction, the outlay on which remained debited to suspense, pending decision of the Government of India on the question of allocation of that expenditure. The amount was proposed by the South Indian Railway to be debited to the State instead of to 'Railway Capital' bearing interest. This was objected to by this Government and the Government of India have ordered the debit to 'Capital'. The cost of opening a new road from the Archbishop's Palace to the Guest House claims Rs. 30,000 which was not budgetted for; it is proposed to be met in due course from what may be called the Town Improvement Fund of which the receipts from the sale of lands in the foreshore on the side of the road will form a nucleus. The Nemmara electrification and the Appangat Canal, both reproductive works, for which a provision of Rs. 15,000 and Rs. 6,000 respectively have been made are in hand. Still another item of work charged to Capital has been decided upon in the course of the year, the Mattanoheri submerged pipe line. It is estimated to cost Rs. 1,47,500 against which Rs. 80,000 is provided for this year and the balance next year. It is a reproductive work by which both the Government and the Mattancheri Municipality stand to benefit, the terms of water supply to the Ernakulam Municipality being applied to the Mattancheri supply.

## BUDGET ESTIMATE FOR 1113.

7. I shall now proceed to deal with the budget estimates for the ensuing year which is the main business of the House today. The revenue is estimated at Rs. 100·58 lakhs and an expenditure charged to revenue of Rs. 98·75 lakhs has been provided for. The coming year is thus expected to close with a surplus of Rs. 1·83 lakhs.

I may at once inform the House that this apparently somewhat large margin of surplus has been effected not by harshly curtailing the demands of Development Departments but by making more or less drastic reductions under 'T. A., office contingencies and leave allowances', thus putting the officers to some inevitable inconveniences. The surplus may, after all, serve only as a reserve for utilisation in the course of the year. A casual reference to the budget estimates under any of the heads will show that to ensure strict economy in expenditure reductions have been made wherever possible providing at the

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same time for all substantial requirements of the various departments with due regard to our available resources. Provision for leave allowance which was hitherto being made at 5 per cent of the cost of establishment in the case of non-vacation departments and at 2½ per cent in the case of vacation departments has, as a measure of retrenchment, been reduced in the budget for next year to 2½ per cent and 1¼ per cent respectively and strict instructions are being issued not to exceed the leave allowance thus provided for. It is expected this would effectuate savings to the extent of Rs. 0·75 lakh. Again reduction has been made under Travelling Allowance of most departments to the extent of Rs. 0·10 lakh in spite of the increase in the rate of T. A. of the inferior servants. Reduction under office contingencies will be evident by comparison with the previous year's figures. Our programme of expenditure on productive works charged to capital aggregates to Rs. 7·35 lakhs.

**Revenue.**—The revenue budgetted for the ensuing year is, as already stated by me just now, Rs. 100·58 lakhs as against the revised estimate of Rs. 99·88 lakhs. As compared with the revised estimate the total revenue thus shows a slight improvement of Rs. 0·70 lakh. The estimates for the next year generally follow the revised estimate for the current year. Increases are noticeable under 'Customs', 'Education', 'Railway', and 'Income-tax', while there are decreases under 'Abkari and Ganja', 'Matches', 'Tobacco' and 'Public Works'.

The revenue anticipated under 'Customs' (Rs. 20 lakhs) is that for 1936—37 which, if received in the current year, would be kept in suspense account and given credit for only in the next year to avoid violent fluctuations in the budgetary equilibrium as already explained by me last year. On account of the holding of a separate S. S. L. C. Examination for failed S. S. L. C. candidates an extra receipt of Rs. 0·13 lakh is anticipated from examination fees and hence the main increase in the budget estimate (Rs. 3·86 lakhs) under 'Education' over the revised estimate of Rs. 3·68 lakhs. The usual earnings are expected from 'Railway' and a revenue of Rs. 18 lakhs is anticipated for the coming year. The upward trend in the economic conditions is expected to more than maintain itself and it is anticipated that on account of income-tax the next year would bring in a receipt of at least Rs. 0·15 lakh in excess of that forecasted in the revised estimate of Rs. 3·40 lakhs.

As against these increases, decreases in revenue also are expected under a few heads like 'Abkari and Ganja', 'Tobacco',

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'Matches', 'Forests' and 'Public Works'. The results of the auction sales of the shops are not yet known but they are known to be declining and hence the revenue estimated under the first two is only approximate, yet cautious. The large decrease of Rs. 0·81 lakh anticipated under 'Matches' as compared with the revised estimate of Rs. 3·07 lakhs is only apparent, the large increase in the latter having been due to special circumstances already explained in the Memorandum. We expect to realise only the normal revenues under 'Forests' in the coming year and this mainly accounts for the decrease of Rs. 0·22 lakh as compared with the revised estimate of Rs. 4·00 lakhs. The increase in the revised estimate (Rs. 3·69 lakhs) under 'Public Works' was due to special circumstances explained in my memorandum and hence we have budgetted only for the usual receipts under this head (3·39 lakhs).

## EXPENDITURE CHARGED TO REVENUE.

The programme of expenditure charged to revenue for the next year is estimated at Rs. 98·75 lakhs. This is Rs. 4·66 lakhs less than the revised estimate for the current year. I have already explained the special reasons for the phenomenal rise in expenditure according to the revised estimates of 1112 and therefore it is hardly necessary for me to reiterate that this large reduction in expenditure, when compared with the revised estimate, is not due to any unwelcome cuts in the nation building departments or at the cost of the normal expansion of all departments generally.

I shall now proceed to explain the more important of the salient features of the budget estimates of the several departments.

**Land Revenue.**—It might be remembered that a special temporary Survey Officer was appointed in the course of last year to assist the Superintendent of Survey and Land Records and experience has shown that a Special Survey Officer of some higher status than the present Surveyors is necessay and hence it is proposed to abolish the post of one of the State Surveyors on Rs. 60—80 next year and create instead the post of an Assistant Superintendent of Survey and Land Records on Rs. 100—150. For more efficient fishery patrol work and the detection of illicit fishing the additional staff of two patrol peons is proposed to be continued. For organising Co-operative Societies among fishermen a sum of Rs. 2,050 has been provided under 'Advances to fishermen'; the petty officers of the fish curing yards are to

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work these societies and they are proposed to be granted an allowance for the extra labour. Other new items are the provision for the appointment of the necessary staff for rewriting the irrigation accounts in Chittur Taluk and of another staff for renewal of Sirkar holdings in British Malabar the provision for which in the current year could not be utilised.

**Agriculture.**—The budget estimate for 1113 has been fixed at Rs. 1·60 lakhs which is less than the revised estimate of the current year by Rs. 0·05 lakh the reduction being effected by all possible economy all round. The term of the Marketing Officers is proposed to be extended; provision has been made as usual for demonstration on ryots' lands, for rural exhibition, etc. An additional clerk on Rs. 25—40 is proposed to be given to the department as the present staff is found unable to cope with the work in hand. Provision has also been made for continuing the work of the laboratory attached to the Central Farm in the analysis of the different kinds of soils, observation and combating of different kinds of plant diseases, etc. Veterinary aid is continued without any abatement. It may be remembered that we have in all 8 Veterinary Hospitals besides a tri-weekly camp Hospital at Mattancheri. The touring Veterinary Inspectors are in addition giving Veterinary aid to every nook and corner of the State.

A scheme for rural re-construction is being worked out and would be brought into operation next year. A nominal lump provision of Rs. 6,000 has been made in the budget. It is also proposed to stock a few Sindhi cows and bulls for sale to the public with a view to improve the breed of milch cattle in the State.

**Panchayats.**—Government fully recognise that this is one of the most important of the departments catering to the needs of the rural population and any reduction in the allotment therefor may be misconstrued as a retrograde step. No doubt the Government will be laying themselves open to criticism in making a reduced provision of Rs. 2·14 lakhs only for the coming year as against the budget and revised estimates of Rs. 2·39 lakhs and Rs. 2·36 lakhs respectively of the current year under the head; but I would hasten to inform the House that in fixing the allotment for next year we have been guided by the actual requirements of the department and not by the desire to exhibit any spectacular increase which was quite within our reach. I would, in this connection, also invite the attention of the members to page 3 of the Memorandum which would show that the

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department actually spent only Rs. 2·04 lakhs, Rs. 2·11 lakhs and Rs. 2·18 lakhs during the last 3 years. This would show that it would be sufficient for the department if about Rs. 2·10 lakhs is provided on an average. We have done more than this in fixing the allotment at Rs. 2·14 lakhs for the next year. One more rural Vaidyasala is proposed to be opened at Kondazhi. Again, the maintenance of Rural Sanitation, Irrigation and Communications continues to receive every possible attention of the Government.

**Co-operation.**—Before further expansion of the movement is attempted, Government are now following a policy of rectification and consolidation of existing societies and hence the co-operative estimate reveals no new features. The scheme of giving grants to supervising unions is continued. It is also proposed to continue the appointment of the Poultry Inspector made in the current year to organise poultry farming in villages in a technical and scientific manner.

**Palace.**—We have once more been forced to withhold the contribution for Reserve Fund fixed according to the revised Palace Scheme, it being found possible to provide only Rs. 6,95,000 for the coming year also against the total grant of Rs. 7,50,000.

**Excise.**—The Trichur Range has been bifurcated and a new Range opened at Oorakam with a Sub-Inspector and three peons; the post of a Petty Officer has, however, been abolished in consequence. Similarly a temporary Sub-Inspector and staff are provided for to replace those deputed at their cost to the Tatas to supervise their spirituous preparations. Provision has also been made for six peons for the new frontier posts. For more efficient patrol work in the backwater regions a motor boat had to be purchased in the course of the year and the necessary provision has therefore been made for the minimum staff required for its maintenance.

**Customs.**—The only noteworthy item under the head is the large provision of Rs. 77,555 under 'Refunds'. I have already explained that the Government of Travancore have to be re-imbursed with a sum of Rs. 73,660 every year for a period of seven years towards repayment of the duty on tobacco which was pooled into the customs collections at Cochin in previous years as explained under Revised Estimates. A further provision of Rs. 4,000 has also been made for refund of the Cochin's share of the customs revenue paid in excess in the current year which will be short-paid in the next year.

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**Anchal.**—As against the revised estimate of Rs. 96,100 the budget estimate is fixed Rs. 89,800 only thus showing a saving of Rs. 6,300. This has been mainly brought about by placing the Superintendent of Registration in charge of the Anchal Department as well for which an allowance of Rs. 600 alone is provided, besides the consequent reduction in travelling allowance, etc. For the more efficient working of the department a temporary Inspector on Rs. 60—80 was appointed in the course of the year and it is proposed to be continued. Some minor changes have also been effected in the distribution of the establishment for transport of anchal by rail.

**General Administration.**—The term of the Law Commissioner as now extended expires only by the middle of the next year and provision has been made accordingly. Even though a provision of Rs. 1,400 was made in the current year for compilation of the Record of Administration the work could not be taken up for various reasons and hence necessary provision has been made in the coming year. The House is already aware of the circumstances which led to the appointment of a Publicity Officer and staff and the inclusion of the provision therefor is another feature of the budget under 'General Administration'. The Secretariat too has not escaped from the campaign of economy that is still being conducted in all departments and perhaps has suffered from it more by the abolition of the posts of a clerk on Rs. 25—40 and of the confidential clerk on Rs. 60—80.

**Accounts and Finance.**—The Account Department of the State was organised on the present lines more than thirty years ago and since then the department had the benefit of a test audit only on two occasions, the last being in 1087. Twentyfive years have passed by and since it is the one department coming after the Secretariat which should be kept at the highest possible level of efficiency in the interests of financial administration 'as the ever-vigilant watch-dog of expenditure', it was high time to see whether the department was working on proper lines and if improvements were needed and, if so, the lines on which they had to be effected. A retired Audit Officer of high rank (Deputy Accountant-General) was therefore got down for the purpose. He has test-examined the system and procedure of the Office of the Comptroller of Accounts as well as the offices of a few Heads of Departments and subordinate officers and his report has just been placed before the Government. The Government propose to examine the report very soon and pass orders in the course of a month.

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**Education.**—The allotment for the next year is Rs. 18·67 lakhs which is in excess of the anticipated expenditure of the current year by Rs. 0·24 lakh. As the proceedings of the Council would disclose, there is a prevailing impression—and perhaps rightly too—that the Maharaja's College is over-staffed and over-paid. Government are therefore trying their best to reduce the expenditure under the head whenever suitable opportunities occur. It is proposed to abolish one of the three posts of Pandits on Rs. 80—125 from early next year when one of the present incumbents retires from service. The post of the Logic Assistant Professor which is now vacant is not to be filled up, the work being arranged to be done by another duly qualified Professor with an allowance. But the inferior staff of the College is being strengthened by the appointment of four more gardeners to attend to the garden that is being formed. The pay of the commercial teachers in certain high schools hitherto debited to the Industries Department is proposed to be debited to the Education Department in future. To further improve the teaching of music for which a separate institution has already been opened, viz., the Sree Rama Varma Music School, a temporary Veena class has been opened there and the post of a Veena teacher has been created. Another noticeable item of increase under the head is 'Public Examination Charges' under which an enhanced provision of Rs. 10,000 has been made to meet the expenditure in connection with the proposed special examination for the benefit of the failed candidates of the S. S. L. C. examination under the old system.

**Religious.**—It has been usual for years past to provide a sum of Rs. 40,000 under the head for the performance of various religious Vazhivadus; for next year, however, a sum of Rs. 30,000 alone has been provided.

**Medical.**—Passing on, I come to 'Medical' the budget estimate under which shows, as usual, a further increase over the revised estimates of the current year—of Rs. 0·19 lakh over the revised of Rs. 4·83 lakhs. Consequent on the opening of the new Hospital at Mattancheri and additional lying-in wards in various hospitals a comparatively large establishment of 10 nurses and 10 pupil nurses besides 6 attendants and 2 cooks are provided for in the next year. The menial staff of the Mental Hospital is also proposed to be strengthened by the addition of 2 sweepers. The provision under 'Dietary Charges' has been incresed by Rs. 5,000. To bring the benefit of Radium treatment to the doors of our ailing public it is proposed to make a lump sum of Rs. 18,500 for its institution in the General Hospital.

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I may mention in this connection that this is out of the contribution made from His Imperial Majesty's Silver Jubilee Fund which was already received and lay credited for this purpose. The necessary building for the theatre is provided for under P. W. D.

**Pension and Gratuity.**—It was brought to the notice of the Government that the payment of gratuity to the families of officers who die in harness in annual instalments within a period of 5 years does not afford as much relief to the destitute families as it would do if it were paid in a lump. It is, therefore, proposed to make such payments in lump and an enhanced provision of Rs. 7,000 has accordingly been made under 'Compassionate Gratuity'.

**Stationery and Printing.**—The term of the temporary staff already existing is extended till the end of the coming year. Besides, it is proposed to appoint, as a temporary measure, a staff of 6 compositors, 1 imposer with 2 printers and 3 binding boys to cope with the large volume of work in connection with the printing of the Electoral Rolls of the Legislative Council. A sum of Rs. 11,000 has been provided towards the cost of printing the Legislative Council Proceedings, etc., at private presses of which Rs. 5,000 is for the printing of the consolidated Laws.

It may not be out of place here if I state for the information of the House that Government are taking active steps to effect all possible retrenchment in the supply of stationery and printed forms to all departments and officers and avoid wastage. An officer has already been deputed to study this question in detail and report at a very early stage.

**Interest.**—We have now to pay interest at 5 per cent on the first loan of Rs. 75 lakhs (Rs. 3,75,000) and at 3½ per cent on the second loan of Rs. 30 lakhs thus making in all Rs. 4,80,000 which is duly provided for.

**Public Works.**—We have provided for the coming year Rs. 11·68 lakhs of which a sum of Rs. 1·57 lakhs is for Mechanical Engineering section.

Under 'communication' the usual contribution of Rs. 1,25,000 to the Road Board is provided for. After taking to account the receipts from Government of India contribution from petrol duty which has been ear-marked for the Board, the balance of Rs. 91,930 is provided for from general revenues. A large sum

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of Rs. 90,000 and odd being the expenditure for the construction of level crossings, over-bridges, etc., in the Railway line done by the S. I. Ry. on behalf of the Public Works Department during the Railway conversion has to be adjusted to the debit of the latter. A part provision of Rs. 50,000 is made for the adjustment in the coming year.

On the side of buildings part provisions alone have been made for some of the major undertakings like the Guest House block at Ernakulam and the Town Hall at Trichur. A lump allotment of Rs. 37,750 has also been made for urgent Palace Works. As a complement to the provision of Rs. 18,500 under 'Medical' for the institution of Radium section in the General Hospital, a sum of Rs. 8,500 is provided for the construction of a theatre for the purpose. Necessary provisions have been made for extending the Mental Hospital, for improvements to the Women and Children Hospital, Mattancheri, and other works of an urgent character.

Adequate provision has been made as usual for the proper maintenance of the existing irrigation system and for completing those taken in hand.

**Scientific, etc., Departments.**—The only important items are the provision for a full-time Superintendent for the Museum and the Zoo appointed in the course of this year as it was found by bitter experience that the system of supervision over the institution by an Honorary Superintendent was working to the detriment of public interests and the provision of Rs. 3,000 for the 'art gallery', the work in connection with which is already in progress.

**Industries.**—In response to the wishes of the House and in view of the development of the Harbour a separate Department of Industries and Commerce was organised and placed under a separate departmental head. The Stoneware Factory and the industrial schools have been placed under his charge. The possibility of a paper pulp industry is being investigated and it is hoped that the new department will give a fresh impetus to the rapid growth of industries in the State.

**Uplift.**—The development of the depressed classes continues to receive the earnest attention of the Government and the usual provisions are continued for the maintenance and development of their colonies, 82 in number, their education, both literary and technical and their amenities. The liberal award of scholarships, free supply of clothing, books, etc., are proposed to be continued.

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**Capital Expenditure.**—I have already explained the broad principles governing the classification of expenditure to Capital not charged to revenue and the usual methods of financing such schemes of capital expenditure.

For the coming year we have provided a sum of Rs. 7·35 lakhs for the following capital works:

**Railway.**—The extension of the Shoranur-Cochin Railway to the Harbour limits is a necessary corollary to the converted broad gauge Railway and is of prime necessity for the State reaping the full advantages of the completed Harbour. The land acquisition proceedings are under way, under the Special Officer appointed for the purpose. The work of construction will be taken up just after the monsoon. It is now estimated that the work would cost in all about Rs. 13 lakhs and that it would be completed in 1114.

**Harbour.**—As the Diwan has informed the House in a previous session so very lucidly we have to finance by ourselves the Fourth Stage Harbour Works to the extent of Rs. 31 lakhs besides making an advance of Rs. 13⅓ lakhs for the purchase of a dredger. We have accordingly provided Rs. 30·34 lakhs under 'Advances' for the purpose, as these are repayable, the advance for the purchase of the dredger being repayable in 20 equal annual instalments with interest at the rate of 4 per cent and the other advance, though free of the interest for the first 10 years, is to be repaid in 30 equated annual instalments with interest at 5 per cent per annum.

**Water supply scheme.**—The supply of good drinking water to Mattancheri which is the commercial centre of the State has long been engaging the earnest consideration of the Government. The temporary arrangement of taking water in barges cannot in its very nature be a satisfactory solution of this problem. Government have therefore decided to extend the pipe line to Mattancheri by erecting a submerged line across the channel, the required pipes and materials having already been got down. Necessary data have been arrived at under which an adequate return on the amount invested is assured, the Municipality also being financially benefited. A sum of Rs. 0·68 lakh has been provided for the coming year.

**Stoneware Factory.**—The working of the Factory so far shows improvement. Only a small provision under 'Capital' is proposed, the working expenses having been provided for under 'Advances'. As the statement regarding the working of

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the Factory appended to the budget would show, we have got a large stock to our credit and every arrangement is made to popularise the products of the factory and push on its sale. Careful watch is exercised over its working.

**Electrification.**—The electrification of Nemmara is already in progress and a provision of Rs. 0·25 lakh has been made for next year under 'Capital' to complete the work. It is hoped that this would bring in a return of Rs. 0·03 lakh next year which is estimated under receipts from 'Capital Outlay'.

**Navigation.**—The work for the Appangat canal could not for various reasons be pushed through this year as contemplated and hence provision is made next year also.

8. **Other industrial concerns.**—The other industrial concerns aided by Government are the Vaniampara Rubber Co. Ltd., Cochin State Power and Light Corporation Ltd., and the Cochin Textiles, Ltd.

The Vaniampara Rubber Co. Ltd., continued to be under the control of the Government. Advances were made to the Company according to requirements and the Company was able to acquire substantial profits whereby they could pay off a substantial portion of the debts. The only outstanding debt at the end of the current year is anticipated to be the old debt of Rs. 50,000 to the Government.

The undertaking by the Cochin State Power and Light Corporation for the electrification of the Towns of Ernakulam and Trichur and their suburbs was completed at the scheduled times and regular service has commenced. It is hoped that this will not only provide for the social amenities of the people but also foster industries and give an impetus to trade. You will be glad to note that the Trichur Electric enterprise is proposed to be purchased by the Municipality, the funds required to the extent of Rs. 5·80 lakhs being advanced by Government temporarily. Properly worked, it will be an asset to the Municipality.

The construction of the Mills of the Cochin Textiles Ltd. is complete. The fitting up of the plant and machinery is under way and it is hoped that the Mills would begin to function just after the monsoon.

It may be pleasing to note that the Cochin Co-operative Land Mortgage Bank instituted early last year has been functioning satisfactorily as will appear from the annual report

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